

March 29, 2000

### **Nationwide Reaction to Jump in Gasoline Prices**

## **States Act to Provide Gas Tax Relief**

As Congress begins to debate a temporary suspension of the federal excise taxes on gasoline, diesel, kerosene, and aviation fuel, the states are not waiting for federal action to provide relief to their citizens but are considering their own responses to rising fuel prices. Here are some examples:

#### ► **California**

With the most expensive fuel prices in the country, California legislators are now battling to reduce the surging gas prices in time for summer travel. Democratic Assembly Speaker Antonio Villaraigosa has proposed a four-month suspension of the 15-cent-per-gallon state sales tax on gasoline. "Governor Gray Davis has indicated he is open to the idea. . ." [*Los Angeles Times*, March 23, 2000].

#### ► **Connecticut**

Governor John Rowland, presiding over a state with one of the country's highest gas taxes, has been trying since February to reduce the excise taxes from 32 cents to 25 cents by April 1. While the Legislature's Finance Committee did not agree to reduce the tax as fast as the Governor proposed, they did unanimously approve a 7-cent reduction in the state gasoline tax over a three-year period, which will soon be considered by the state House [*AP*, March 28, 2000].

#### ► **Florida**

Republican House Speaker John Thrasher has proposed cutting state gas taxes by 10 cents per gallon for one month. "If the federal government is not going to help the people of Florida, then we need to." Governor Jeb Bush has indicated his interest in the idea. [*The Ledger (Lakeland, FL)*, March 17, 2000].

► **Illinois**

On March 8, the Illinois Senate approved, 50-0, an elimination of the 5-percent sales tax on gasoline and diesel fuel. Democrat Rep. Jay Hoffman, one of the four sponsors of the proposal, argued the elimination was necessary because "we're seeing people going to Missouri and filling up in Missouri. What does that do to us? Not only does it deprive us of tax revenue, they buy other goods and services there" [*St. Louis Post-Dispatch*, March 21, 2000].

► **New York**

In recent weeks, Republican Mayor Rudolph Giuliani has called for the elimination of federal and state tax on gasoline, and Republican and Democrat state leaders have proposed dueling tax cut proposals. Democratic speaker of the Assembly, Sheldon Silver, has proposed eliminating the state's 4-percent sales tax on gasoline during July and August, while Republican majority leader of the Senate, Joseph Burno, called for complete elimination of the state's sales tax. Governor Pataki also favors elimination of the gas tax [*New York Times*, March 14, 2000].

► **Wisconsin**

Representing the state with the highest fuel tax in the Midwest, Wisconsin lawmakers have proposed both repealing and temporarily suspending the tax gas tax. One bill which has "gathered steam, making passage in the waning days of the March floor session a possibility," is a proposal by one Republican lawmaker to postpone a gas tax boost set to take effect in April [*Wisconsin State Journal*, March 15, 2000].

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